



FEDERAL ELECTION COMMISSION
Washington, DC 20463

OCT 25 2002

VIA FAX (916-442-1280) & FIRST CLASS MAIL

Thomas E. Gauthier, Esquire
Olson, Hagel, Waters & Fishburn, LLP
555 Capitol Mall, Suite 1425
Sacramento, CA 95814-4602

RE: MUR 4788
California Democratic Party
Democratic State Central
Committee of California Federal, and
Katherine Moret, as treasurer
Democratic State Central Committee
of California Non-Federal and
Katherine Moret, as treasurer

Dear Mr. Gauthier:

On October 22, 2002, the Federal Election Commission found that there is probable cause to believe the California Democratic Party and the Democratic State Central Committee of California – Federal and Katherine Moret, as treasurer, violated 2 U.S.C. §§ 441b, 441d(a) and 11 C.F.R. § 102.5(a)(1)(i); the Democratic State Central Committee of California – Federal and Katherine Moret, as treasurer, violated 2 U.S.C. § 434(b); and the Democratic State Central Committee of California – Non-Federal (State) and Katherine Moret, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i), provisions of the Federal Election Campaign Act of 1971, as amended. These violations are in connection with your clients' use of impermissible funds from a non-federal account to finance federal activity, their misreporting of expenses as allocated expenditures rather than independent expenditures, and their failure to include complete disclaimers in the express advocacy communications.

The Commission has a duty to attempt to correct such violations for a period of at least 30 days and no more than 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement after 30 days, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

Thomas E. Gauthier, Esq
Page 2

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make the check for the civil penalty payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Dominique Dillenseger, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

Lawrence H. Norton
by Rg

Lawrence H. Norton
General Counsel

Enclosure
Conciliation Agreement